Change Management Committee (ChMC) Change Pack Summary

# Communication Detail

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| Comm Reference: | 2268 - RJ - DA |
| Comm Title: | XRN4871 - Modification 0665 – Changes to Ratchet Regime |
| Comm Date: | 19/03/2019 |

**Change Representation**

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| Action Required: | For review |
| Close Out Date: | 27/03/2019 |

# Change Detail

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| Xoserve Reference Number: | XRN4871 - Modification 0665 – Changes to Ratchet Regime |
| Change Class: | Functional Change |
| ChMC Constituency Impacted: | Shipper Users |
| Change Owner: | David Addison  [David.Addison@xoserve.com](mailto:David.Addison@xoserve.com)  0121 623 2752 / Mobile 07428559800 |
| Background and Context: | Modification 0665 – ‘Changes to Ratchet Regime’ has been raised and seeks to amend the current Ratchet Charging Arrangement and it allows Transporters to designate Supply Points (Network Designated) that should, in addition to existing mandatory Class 1 Supply Points, be subject to existing Ratchet Charges. Class 2 Supply Meter Points will be subject to a lesser Ratchet Charge.  Change Proposal XRN4871 has been raised to deliver the system requirements set out within this modification.  Attached for reference:    Due to the proposed timescales and the requirement to implement the changes by 01 October 2019, the Change Proposal has been raised ahead of the modification being officially approved. To confirm, Panel approval is expected in March and an Ofgem decision in April.  This Change Pack seeks to solicit views from the industry regarding the approach for this change. |

# Change Impact Assessment Dashboard (UK Link)

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| Functional: | Supply Point Administration and Invoicing |
| Non-Functional: | N/A |
| Application: | SAP ISU |
| User: | Shipper |
| Documentation: | N/A |
| Other: | N/A |

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| --- | --- | --- | --- | --- |
| Files | | | | |
| File | Parent Record | Record | Data Attribute | Hierarchy or Format  Agreed |
| N/A | N/A | N/A | N/A | N/A |

# Change Design Description

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| Modification 0665 – “Changes to Ratchet Regime” has been raised and seeks to amend the current Ratchet Charging Methodology to create a two tier Charging Regime. The higher charge will be applied to existing mandatory Class 1 Supply Points and also to Supply Meter Points that the Transporters designate ‘as subject to the Class 1 Ratchet Charging Arrangements’ where ‘safeguards around accurate capacity declarations’ are necessary. This ‘Class 1 Ratchet Regime’ reflects the existing charging arrangements in terms of composition of the Ratchet Charges and the Ratchet Multiplier remains as is.  The lesser charge will be applied to Supply Meter Points where the Networks do not consider that these safeguards are necessary. The composition of the Ratchet Charges is slightly amended, and has a lower Ratchet Multiplier.  In summary the requirements for the CDSP are:   * Implementation of an amended Ratchet Charging Arrangement applicable for Daily Metered Supply Meter Points that are not Network Designated. [Class 2 Ratchet Charge]. * A mechanism is required to flag in UK Link where a Network has designated a Supply Meter Point which should be subject to the existing [Class 1] Ratchet Charge. These will then be subject to the ‘Class 1 Requirement’ in UNC. * When a Supply Meter Point has been Network Designated the CDSP shall notify the registered Shipper, and the relevant Supply Point will as soon as reasonably practicable be required to be a Class 1 Supply Point * If a Shipper does not reclassify the Supply Point as Class 1 within 20 Supply Point Systems Business Days of the notice of Designation, then the CDSP will reclassify the site as Class 1 after so notifying the relevant Shipper and providing not less than 20 Supply Point Systems Business Days’ notice of the revised classification effective date unless the CDSP has been informed that the Supply Meter Point is unable to be Daily Read in accordance with current code requirements.   For the full details please see [modification 0665](http://www.gasgovernance.co.uk/0665).  Please note that due to the tight timescales for implementation (before 01 October 2019), we are proposing that any changes to external interfaces including file formats are limited and the all associated notifications will be offline.  We are requesting industry views on the following aspects of the change solution:   * **Visibility of Network Designation to Prospective Users**   + As we are seeking to limit the scale of impacts to Users, and in particular Users who do not operate DM Supply Points, **we are NOT proposing to make this data item available to Shipper Users in SPA files** – e.g. Nomination Response (including Enquiry); Confirmation; etc.   + We would suggest that if there is a requirement to make this data item available in SPA files, that this is considered within the CSS Consequential interface changes – scheduled for 2021   If the industry believes that Prospective Users need to have visibility of the Network Designation, potential options could be:   * + Changes to DES     - This is not recommended as the change may be precluded by the timescales.   + Addition to API services     - This would be the preferred option if visibility was required but would need to be assessed.   + Other options from the industry are welcomed for consideration. * **Rejection of Nomination / Confirmation (including Reconfirmation) / Class Change**   + If a site is Network Designated it must be Class 1, any relevant transactions will need to be rejected, such as:     - Nomination     - Confirmation     - Class Change   + We would propose that w**e use the existing Rejection Code CLS00002 – “Supply meter point should be Class 1”**. This code is used for the above processes already.   + Shippers need to consider if this rejection will cause exceptions within their systems as the site will not meet the current Class 1 requirements.   + Other options from the industry are welcomed for consideration. * **Outstanding Offers and Inflight Change of Shipper / Capacity Revision**   + The industry needs to consider where a Supply Meter Point gets set to Network Designated but has and outstanding offer or an accepted confirmation:      * + Outstanding Offer on a Network Designated site which has a Class other than Class 1   We could:   * Invalidate Offer * Reject the Confirmation where the Shipper attempts to confirm an Offer on a Network Designated Supply Meter Point * Allow Offer to continue, but oblige Shipper to reclassify the SMP   + Accepted Confirmation on a Network Designated site which has a Class other than Class 1   We propose to allow Confirmation to progress, but oblige Shipper to reclassify the SMP   * + Other options from the industry are welcomed for consideration. * **New Ratchet Charging Arrangement**   + The current Ratchet Charge includes the **ZRA – Customer Ratchet Charge** and the **SRA – SOQ Ratchet Charge**   + The new Ratchet Charge for Class 2 sites will also include the **ECN – Exit Capacity LDZ Charge.** This is planned to be incorporated into the ZRA Charge for Class 2 Ratchets only     - This appears on the CAZ Invoice and ZCS Supporting information     - The **RT\_I09\_CAP\_RATCHET\_CHARGE\_DETAIL** record has theRATCHET\_PREMIUM value which we expect will be populated differently between Class 1 and Class 2 Ratchets. This needs to be considered by Shippers.   Whilst this approach does eliminate specific file changes to UK Link Users, it is acknowledged that for Users who are active in the DM SMP market, that these changes MAY require system or process changes to these Users. Users are invited to provide alternative solution options for consideration.  We are asking Users to consider and provide their views on this change and the proposed approach / options. |

# Associated Changes

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| Associated Change(s) and Title(s): | Modification 0665 – Changes to Ratchet Regime |

# DSG

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| DSG discussion date: | 18/03/2019 |
| Any further information: | The options were discussed, and whilst it is acknowledged that this was done within the meeting and attendees were not afforded preparation time, the options presented were recognised as being pragmatic. DSG members agreed with the approach to issue an extraordinary Change Pack to solicit wider industry views on the proposed approach, noting a shortened response timescale. |

# Implementation

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| Target Release: | July Minor Release |
| Status: | TBC |

Please see the table below for representation comments template; responses to [uklink@xoserve.com](mailto:uklink@xoserve.com)

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| --- | --- |
| User Name: | Kirsty Dudley |
| User Contact: | 07816 172 645  [Kirsty.Dudley@eonenergy.com](mailto:Kirsty.Dudley@eonenergy.com) |
| Representation Status: | N/A |
| Representation Publication: | <Publish> |
| Representation: | Reviewing the proposal our observations are as follows:   * This approach doesn’t impact as many flows as we had anticipated, we want to ensure that all flows have been reviewed to ensure no ‘surprise’ tweaks at a later date as it evolves through the change process * It is sensible to create new rejection codes for this * We raised to the proposer our concerns at 40WDs and we would still prefer 60WD but we are happy to align with the approved mod |
| Target Release Date: | We would prefer a major release however the dates are to be aligned to those approved in in the modification (subject to approval) |
| Xoserve Response: | Thank you for your comments. Please see below our responses:     * In terms of file flows, our intention is to keep the changes to a minimal and make no structural amendments. As the options and assumptions stipulated within this Change Pack are from an initial assessment only, the change must go through detailed design to confirm the final solution and the impacts to Users. * Due to the timescales associated with this change, we are proposing to re-utilise an existing rejection code to minimise the changes for Users since initial analysis suggests we have a code that would sufficiently describe the reason for this rejection. This approach has been ratified by DSG. It was suggested that we consider creating a new rejection code as an enduring solution (this would not be for the first year implementation). * As modification 0665 has been approved by Ofgem, we will deliver the solution as stipulated within the modification and aim for an aligned implementation date. |

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| User Name: | Richard Pomroy, Wales & West Utilities Ltd |
| User Contact: | [Richard.Pomroy@wwutilities.co.uk](mailto:Richard.Pomroy@wwutilities.co.uk)  029 2027 8552  07812 973337 |
| Representation Status: | N/A |
| Representation Publication: | Publish |
| Representation: | We note the desire to implement this by 1st October 2019 which was clear from the consultation responses. This will inevitably mean that it is implemented in a way that causes least change to processes. This leads to the possibility that further change proposals will be raised to amend the solution at a later date.  This change is funded by DNs and NTS. Our view is that DNs and NTS  should not be required to fund future changes that incur costs due to reworking the solution if those changes could have been implemented in the initial implementation had a different implementation date been proposed.  These costs should be funded by Shippers as they are the party benefiting from an early implementation date. |
| Target Release Date: | See above comments on the risk of additional avoidable costs being incurred by implementing a minimum change solution for October 2019 compared to a more complete package in a later release. |
| Xoserve Response: | Thank you for your comments regarding the funded arrangements for any future associated changes.  We have noted this and will make Change Managers aware of this view. |

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| User Name: | Louise Hellyer, Andrew Green |
| User Contact: | Louise Hellyer  [Louise.hellyer@totalgp.com](mailto:Louise.hellyer@totalgp.com)  01737 275638 |
| Representation Status: | Support |
| Representation Publication: | Publish |
| Representation: | *Visibility of Network Designation to Prospective Users*   * We are comfortable that the sites are not flagged in SPA files; assuming the list of sites is reasonably small. If the number were to grow significantly then a different approach may be needed. There is also some concern that this approach is out of synch with the method given for interruptible sites, but is a pragmatic approach to get this progressed. * Following that we would therefore support the inclusion of the information within the later CSS to align it more with how interruptible sites are captured and to give better longevity. * One small concern is around recipients, it would be important to ensure that the list is maintained and therefore a “no Change” email could be sent in situations where the report should be issued but that the shipper had no actions to be taken. We need to avoid a new site being added in Oct20 and not being picked up as the email was sent to an old recipient. This could also happened for Sites that no longer qualify. * To understand the customer communications would there be anything being sent to them from the Network to understand the requirement for the siteworks to get a datalogger installed (in the current world AMR would not be adequate for a SPC1 site)?   *Rejection of Nomination / Confirmation (including Reconfirmation) / Class Change*   * Although this rejection code suggested is not ideal and could generate some internal confusion we do not believe it will cause system issues. We also believe that the potential confusion can be managed reasonably easily internally.   *Outstanding Offers and Inflight Change of Shipper / Capacity Revision*   * Our preference would be for outstanding and inflight actions to continue to complete and then require processing. We believe that if this is not the case the customer could be adversely affected as they may not register for supply on the start of their contract opening them up to potential out of contract rates at their current supplier. This could also be the case of charges related to capacity revisions and being subject to incorrect rates for longer than required.   *New Ratchet Charging Arrangement*   * With invoicing the proposed method where the file format is not changed is fine. The key is no change in structure; how the value/rate is made up is something that we can work with internally. |
| Target Release Date: | We are comfortable with the target release date. |
| Xoserve Response: | Thank you for your comments. Please see below our responses:  *Visibility of Network Designation to Prospective Users*   * Thank you for confirming you are comfortable with the Network Designated visibility. * In terms of your concern, we will look to develop a suitable communications process which should provide the relevant parties with the required details. At this stage we are unable to confirm exactly how this will work but we will take into consideration your comments when this is looked at in detail. * As a Class 1 site under current UNC Code rules it would be the responsibility of the Transporter to install Daily Read Equipment and as part of the install process, it is assumed that the Transporters will trigger this reinstallation accordingly. We will ensure this is included within the process development.     *Rejection of Nomination / Confirmation (including Reconfirmation) / Class Change*   * Thank you for confirming that utilising an existing rejection code is manageable. Please note, the rejection code detailed within the Change Pack (**CLS00002 – “Supply meter point should be Class 1”),** was a suggestion and may not be the one re-utilised. This will be confirmed within the detailed design phase and communicated with a final Change Pack but following initial analysis it suggests we have a code that would sufficiently describe the reason for this rejection. * DSG have suggested that we consider creating a new rejection code as an enduring solution (this would not be for the first year implementation).   *Outstanding Offers and Inflight Change of Shipper / Capacity Revision*   * Thank you for confirming your preference for outstanding and inflight offers to progress.   *New Ratchet Charging Arrangement*   * Thank you for confirming you are comfortable with changes to the values/rates within file formats as long as there are no structural amendments. |

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| User Name: | Megan Coventry |
| User Contact: | Megan Coventry  [Megan.coventry@sse.com](mailto:Megan.coventry@sse.com)  02392277738  (Name, Email, Telephone) |
| Representation Status: | Support |
| Representation Publication: | Publish |
| Representation: | We support this change to deliver the system requirements toward implementation of modification 0665 ‘Changes to Ratchet regime’. |
| Target Release Date: | We support implementation as part of the July Minor release. |
| Xoserve Response | Thank you for comments and confirming your support. |

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| User Name: | Npower |
| User Contact: | Amie Charalambous  Gas.Codes@npower.com  07917271763 |
| Representation Status: | Approve |
| Representation Publication: | Publish |
| Representation: | We are supportive of this change. |
| Target Release Date: | Support target release date |
| Xoserve Response | Thank you for your comments and confirming your support. |